

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-05 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 AF-10 ORM-02
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C O N F I D E N T I A L ROME 13106

E.O. 11652: GDS
TAGS: PGOV, PDEV, IT, SA
SUBJECT: PRIME MINISTER ANDREOTTI'S VISIT TO SAUDI ARABIA

1. SUMMARY: VISIT OF ITALIAN PRIMIN ANDREOTTI TO
SAUDI ARABIA WAS MARKED BY EVIDENT WARMTH OF RELATIONS,
AND LACK OF SPECIFIC ACCOMPLISHMENT. END SUMMARY.

ECONOMIC SUBJECTS

2. FOREIGN MINISTRY COUNTERPARTS FAMILIAR WITH THE
AUGUST 6/7 VISIT OF PRIMIN ANDREOTTI AND FONMIN FORLANI TO
TAIF TELL US THAT LITTLE SPECIFIC WAS ACCOMPLISHED,
DESPITE HOSPITABLE SAUDI RECEPTION AND CONTRARY
TO SPECULATIVE ITALIAN NEWS ACCOUNTS.

3. MFA OFFICIALS MOST DIRECTLY INVOLVED IN VISIT
DEPARTED ON VACATION IMMEDIATELY AFTER THEIR RETURN TO
ROME, SO FULL DETAILS ARE NOT AVAILABLE. NEVERTHELESS,
WE ARE TOLD BY KNOWLEDGABLE MFA SOURCES THAT NO ECONOMIC
AGREEMENTS OF ANY KIND WERE SIGNED. THE AGREEMENT BEING
NEGOTIATED BETWEEN THE ITALIAN STATE ELECTRIC POWER
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AGENCY (ENEL) AND THE SAUDI ELECTRICITY CORPORATION
WILL BE SIGNED DURING THE UPCOMING (DATE NOT SET) VISIT
OF VICE PRIME MINISTER PRINCE FAHD TO ITALY. EVEN SO THE AGREE-
MENT WILL NOT COMPRISE A CONTRACT WITH A DEFINITE VALUE; IT
WILL INSTEAD COVER THE PROVISION OF ITALIAN TECHNICIANS AND
TECHNOLOGY TO THE SAUDI CORPORATION.

4. THE ITALO-SAUDI MIXED COMMISSION, WHICH WAS AGREED BETWEEN THE TWO STATES ALMOST A YEAR AGO, HAS NOT MET, AND THERE ARE STILL NO PLANS FOR A MEETING. HOWEVER, AN ITALIAN TECHNICAL TEAM WILL VISIT SAUDI ARABIA BEFORE THE ENEL AGREEMENT IS SIGNED.

5. ALTHOUGH WE WERE TOLD PRIOR TO VISIT THAT A PRIME OBJECTIVE WAS TO FIND A WAY TO HELP REDRESS THE TRADE IMBALANCE BETWEEN ITALY AND SAUDI ARABIA, AND A WAY TO CHANNEL MORE PETRO-MONEY BACK TO ITALY, THE ITALIANS APPEAR TO HAVE MET WITH MINIMUM SUCCESS. (COMMENT: WE UNDERSTAND THAT SAUDIS TOOK POSITION, ON THIS OCCASION AS DURING OSSOLA VISIT, THAT ITALIAN BIDS ON PROJECTS ALWAYS ENTIRELY ACCEPTABLE AND WILL WIN CONTRACTS AS LONG AS COST COMPETITIVE.

6. CONTRARY TO MANYPRESS ACCOUNTS, THE ONLY MINISTER TO ACCOMPANY ANDREOTTI WAS FORLANI AND THE ONLY OFFICIALS IN THE PARTY WERE FROM ANDREOTTI'S OFFICE AND THE MFA. IT IS TO BE DOUBTED THAT THE ITALIANS ASKED THE SAUDIS TO DEPOSIT SOME OF THEIR FOREIGN EXCHANGE RESERVES UNER SOME SPECIAL ARRANGEMENT IN ITALY AS SPECULATED IN THE PRESS, SINCE THE PARTY DID NOT INCLUDE A FINANCIAL EXPERT.

POLITICAL SUBJECTS
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7. SINCE THE ITALIAN PARTY LEFT JIDDA ONLY TWO HOURS PRIOR TO THE ARRIVAL OF SECRETARY VANCE, WE PRESUME DEPARTMENT HAS FULL READOUT ON CURRENT SAUDI VIEWS ON HORN, AS WELL AS MID-EAST, PROBLEMS. NEVERTHELESS, AS OF POSSIBLE INTEREST, WE SUMMARIZE BELOW THE ITALIAN IMPRESSIONS THEREOF, AS DERIVED FROM BILATERALS WITH KING KAHLID, PRINCE FAHD AND FONMIN SAUD.

8. SAUDI GOVERNMENT SHARED ITALIAN CONCERNS REGARDING THE HORN, AND HOPED TO SEE PEACE AND COOPERATION RESTORED. HOWEVER, "OUTSIDE INTERFERENCE", I.E., SOVIET MILITARY INPUTS, ARE LEADING TO ESCALATION OF THE FIGHTING. SAUDI ARABIA IS NOT AGAINST ETHIOPIA BUT, AT SAME TIME, IS "NOT PREPARED SEE ETHIOPIA PASS INTO SOVIET CAMP". SAUDIS NOW WONDER IF THE "DRAMATIC ECONOMIC PLIGHT" OF ETHIOPIA MIGHT NOT LEAD EPMG TO "BE FRIENDS WITH EVERYONE" RATHER THAN SEEKING EXCLUSIVE RELATIONSHIPS WITH USSR.

9. SAUDIS GAVE ITALIAN GROUP IMPRESSION THEY WERE SATISFIED WITH DEVELOPMENTS IN SOMALIA BUT NOT EXPECTING

ANY DRAMATIC BREAK IN THE NEAR FUTURE. ITALIANS THINK SAUDIS FEEL SURE SOMALI LEADERSHIP HAS "PASSED POINT OF NO RETURN" IN TREND AWAY FROM SOVIET LINK.

10. SAUDI VIEW ON ERITREA IS WELL KNOWN: SELF-DETERMINATION AND INDEPENDENCE.

MIDDLE EAST

11. SAUDIS CONCURRED IN ADREOTTI'S "POSITIVE ASSESSMENT" OF CARTER MID-EAST POLICY. SAUDIS, HOWEVER, SAID THE WEST IN GENERAL, AND U.S. IN PARTICULAR, MUST KEEP UP THE PRESSURE ON ISRAEL. THE ONLY WAY TO AFFORD ISRAEL THE SECURITY IT SEEKS IS TO AGREE ON CONFIDENTIAL

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RESOLUTION OF THE PALESTINIAN PROBLEM. FONMIN FORLANI REPORTEDLY WAS "PEDANTIC" ON SUBJECT OF PALESTINIANS AND PLO, "REPEATING AT LEAST FOUR TIMES" THAT TO MAKE ANY PROGRESS PLO MUST "OPENLY ADMIT AND ACCEPT THE EXISTENCE OF THE STATE OF ISRAEL". ON THE LAST ITERATION, PRINCE FAHD IS SAID TO HAVE RETORTED THAT AS A QUID-PRO-QUO FOR ANY SUCH DECLARATION THE PLO SHOULD AT LEAST GET ISRAELI RECOGNITION OF THE RIGHT OF THE PALESTINIANS TO THEIR OWN STATE. AS TO THE VANCE MISSION (AT THAT POINT IN TIME) THE SAUDIS SEEMED RATHER FAVORABLE, DESPITE ASSAD POSITION, TO "WORKING GROUP" CONCEPT.HOLMES

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